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TAGS: [ETTC](#) [KNNP](#) [MNUC](#) [PARM](#) [PREL](#) [TRGY](#) [IAEA](#) [GM](#)
SUBJECT: GERMAN MFA BRIEFING ON FUEL CYCLE INITIATIVE
PROPOSAL

REF: A. BERLIN 2976

[1](#)B. UNVIE 741

Classified By: EMIN Robert F. Cekuta for reasons 1.4
(b) and (d).

[1](#)1. (C) German MFA Deputy Office Director for Nuclear Nonproliferation and International Energy Dietrich Becker briefed Global Affairs officer October 17 on FM Steinmeier's proposed Fuel Cycle Initiative. The initiative, first presented at the IAEA General Conference in September (ref B), proposes creating an extraterritorial commercial enrichment center under the supervision of the IAEA (ref A). Becker said the goal of the initiative is to create an attractive and less expensive alternative for countries that are considering pursuing enrichment technology. Becker stressed the German proposal would work against the spread of enrichment technology and prevent technology transfer by operating the plant as a black box. Becker said a key objective of the German proposal is to address the concerns of "countries that might not trust the West."

International Reaction

[1](#)2. (C) Becker described German outreach efforts to date, noting most countries had responded as expected:

-- Argentina reacted negatively, stating any step toward multilateralization of the fuel cycle plays into the hands of those who want countries to renounce enrichment. Despite its opposition, Argentina said it would not oppose the initiative if there was overwhelming support from other countries.

-- Brazil also reacted negatively, but said it would not oppose it in the face of overwhelming agreement and support. Brazil expressed interest in bidding to provide technology needed to construct the plant should the proposal be adopted.

-- South Africa reacted positively and expressed interest in hosting the extraterritorial enrichment facility.

-- Malaysia reacted negatively, but did not provide a detailed response.

-- Russia expressed interest, but stopped short of endorsing the proposal. (Note: Becker acknowledged the German proposal is a potential competitor with Russian President Putin's proposal for an International Fuel Cycle Center. Becker said while Germany agrees the primary advantage of the Russian proposal is its short startup timeframe, it does not yet see Russia as a reliable provider of fuel. Becker also cited German concerns that Russian technology might not meet minimum safety and environmental standards. Becker said Germany would not publicly criticize the Russian proposal, but does not see it as a feasible alternative. End Note)

-- Australia and Canada both expressed interest in the proposal but noted the issue of flag rights would have to be addressed.

-- France reacted positively.

Germany Seeks U.S. Input / Role

13. (C) Becker said Germany will continue to refine the proposal in close consultation with the UK and the Netherlands (Germany's URENCO partners). Becker noted German Embassy officials had briefed the Department on the proposal and said Germany stands ready to discuss all details and address U.S. concerns. Becker said Germany hopes the United States will "backstop" German efforts to advance the proposal in much the same way it consulted on and supported EU-3 negotiations with Iran.

14. (C) Becker conceded the proposal would likely require giving the IAEA -- which would have responsibility for supervising the extraterritorial enrichment facility -- authority to control exports of low-enriched uranium. Becker suggested the IAEA BOG or General Conference might agree on criteria that mid-level IAEA officials would use to determine whether to approve export of low-enriched uranium to a country that had signed a contract with the plant. Becker said mechanisms would have to be established for BOG intervention in the event a country violates the criteria. Becker added Germany is open to discussing alternatives and reiterated the plant would not export weapons-grade uranium or enrichment technology.
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